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Roman Motors canceled

Recruits dealers after pact voided

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — The cornerstone agreement that Roman Motor Corp. and its partners claimed gave them the rights to distribute Romanian-built motor vehicles in the United States was officially canceled in mid-1986.

Executives of Roman Motor signed that agreement, yet continued to appoint dealers.

That original agreement was signed in Paris on Nov. 28, 1985, by a representative of Auto Dacia, the Romanian government-owned foreign trading company, and executives of Sveltec, the Swiss partner of Roman Motor. It granted sweeping distribution rights to the Swiss company.

However, it was never approved by the management of Auto Dacia.

On May 15, 1986, executives of Sveltec, Roman Motor (at that time doing business as Auto Dacia of America) and Auto Dacia met in Bucharest. They signed a protocol that declared the Paris agreement "null and void."

Since the signing of that protocol, neither Sveltec nor Roman Motor has offered any other contract to support their claims for U.S. distribution rights for the Romanian-built Aro, Dacia and Olcit vehicles.

However, Roman Motor continued to appoint dealers through 1987. A dealer list obtained by Automotive News indicated that Roman Motor eventually collected as much as $1.7 million from as many as 60 dealers.

It was also learned that an unknown amount of money was collected from other investors.

The Nov. 28, 1985 agreement has been used by Roman Motor as recently as last month. In response to the discovery process in litigation filed by eight dealers in federal court in Texas, this document was among others submitted. Paul Brumley, attorney for the dealers who filed the suit, said last week that this was the only document submitted that tied Sveltec to Auto Dacia.

Automotive News has obtained a copy of the critical May 15, 1986 protocol through the Romanian Embassy. The contents of the protocol were confirmed by Ion Stamatescu, managing director of Auto Dacia, in a telex through the embassy. Stamatescu said "All of its provisions are in force without any change."

The protocol was signed for Sveltec by Ole R. Spaten, then an officer of the company, and Oscar Jost, chairman. It was signed for

see ROMAN MOTOR, page 70

Opel Omega: Quality has been atrocious and parts scarce, say German dealers

Goliath stumbles in Europe: A tale of trouble for GM

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — General Motors has been singing the praises of its European car operations as a counterpoint to sour strains in the United States.

But even as GM is about to end a long string of losses in Europe, it is still facing myriad problems: falling market share; fresh complaints about quality; severe factory delivery problems; troubled labor relations; a lingering dispute over the standard dealer contract in Germany that could wind up in court; and talk of a power struggle between Adam Opel headquarters in Russelsheim, West Germany, and GM-Europe's new base in Zurich, Switzerland.

The problems also take in chronic understaffing in Zurich and reputed low morale on the high-tech factory floor in Russelsheim, where, according to the president of Adam Opel's German dealer association, "the disorganization is incredible."

After months of remaining publicly silent, Opel dealers have described to Automotive News a series of quality deficiencies on the hot-selling Opel Omega/Vauxhall Carlton — Europe's 1987 Car of the Year and one of three cars that Opel is expected to export to the United States.

What is more, cars are stacking up in service departments because the factory does not have enough replacement parts. Dealers complain that GM's historically slow and unreliable deliveries have taken a sharp turn for the worse this year, despite a new computerized ordering system that was supposed to solve the problems.

Meanwhile, GM was the only one of six European high-volume manufacturers to lose market share throughout Western Europe during the first nine months of 1987.

Because of labor opposition, GM could not implement a plan to put its Zaragoza, Spain, plant on three shifts to meet demand for the Corsa subcompact built exclusively there. German dealers say the shortage of Corsas cost Opel a full 1 percent share of the world's third largest market.

Opel dealers also complain that GM has not been on the leading edge in introducing technologies crucial to image in performance-conscious European markets. Moreover, in West Germany, where the public profile for auto company chief executives is believed to be highly important to car sales, GM Chairman Roger Smith has been under criminal investigation.

see GM-EUROPE, page 66

Amway expanding car sales program

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

GRAND RAPIDS, Mich. — Amway Corp., the wholesale purveyor of soap, car wax and other household products, is now marketing new cars at $150 above dealer invoice under a system that uses Ford, General Motors and Chrysler dealers to supply the vehicles.

Mike Butler, president of Minnesota-based National Fleet Network, said Amway Auto Network has 1,500 auto dealers in 26 states and plans to expand into 35 states.

"The program is not a buying club or service," he said. "It is a program that originally started out through a group of dealers as a way to help Amway distributors purchase their vehicles."

Membership to Amway Auto Network is open to anyone who pays the $24.95 fee to join. National Fleet Network administers the program for Amway.

Butler said the program will be expanded to only those states where it will comply with state laws.

"There are states where it (Amway Auto Network) can't be done due to certain state regulations," he said. "Texas and Arkansas have brokering laws and we don't want to start a program in a state where it wouldn't comply."

Amway boasts a network of 750,000 distributors — most working out of their homes — in the United

see AMWAY, page 65

Auto inventory climbs

Domestics lead way to 72-day supply

By Geoff Sundstrom and Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTERS

Combined inventories of imported and domestic cars on Nov. 1 were the highest for that date since 1982.

The combined imported and domestic car stockpile on Nov. 1 was 2,124,674 cars, a 72-day supply.

The high inventories coincided with a drop in the combined selling rate for imported and domestic cars during October. The combined daily sales rate for the month was 29,536, the lowest recorded for October since 1982, when Automotive News began gathering data on import inventories.

A combination of fewer incentive programs, a downward sales trend for the year and fears growing out of the stock market collapse contributed to the boost in inventories.

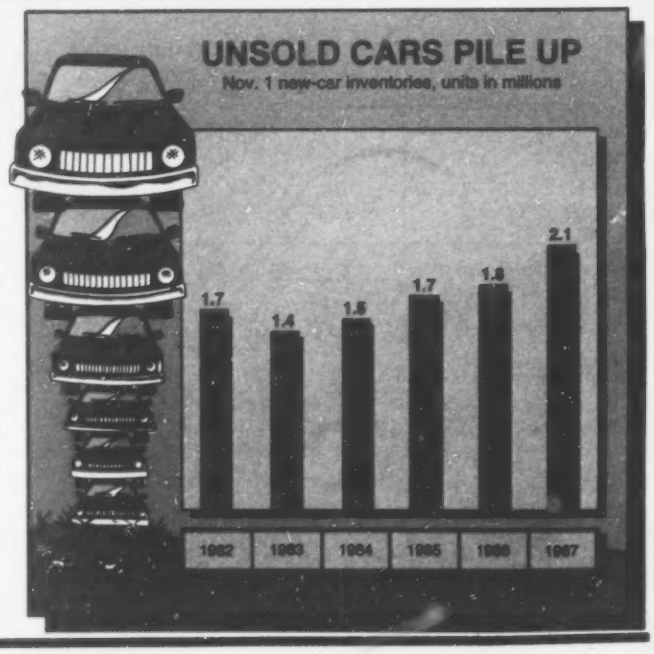
Big 3 cleanup incentives expired early in October.

There was a 58-day supply of imported cars and trucks on Nov. 1, or 743,244 units. That breaks down into a 56-day supply of imported cars (565,743 units) and a 66-day supply of trucks (177,501 units). There were 80 days' worth of unsold domestic cars, or 1,558,931 units.

The average Nov. 1 supply of cars for the last six years is 56 days, although Japanese imports have tended to be considerably lower.

The inflated inventories on Nov. 1 were generally attributable to slower domestic car sales. Although import inventories are up,

see INVENTORY, page 8



Autolatina price hike defies Brazilian decree — Page 2
More incentives bloom at GM — Page 3
Industry leaders look at '88 — Page E1

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AUTOMOTIVE NEWS/JOE WILSSENS

GM-UAW make it official

General Motors Chairman Roger Smith, left, and UAW President Owen Bieber shake hands at the signing of a new three-year contract covering 370,000 GM workers. The agreement, which contains innovative job-security provisions, was reached without a strike deadline being set. The GM agreement is patterned after the UAW-Ford Motor Co. pact, which negotiators also reached without the threat of a strike.

More incentives bloom at Chevy

Rebates now include additional Cavalier, Chevette owners

By Laura Clark and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Dealer and consumer rebates continue to flourish at General Motors.

Last Wednesday, Chevrolet expanded its rebate program to all owners of eligible Cavaliers and Chevettes — not just those who received coupons in the mail. It also expanded eligibility for rebates and free service for truck owners who test-drive a Chevy. Earlier in the week, it began mailing more rebate coupons on trucks to small businesses.

Meanwhile, trip incentives were launched for dealers of Buicks, Chevrolet trucks and GMC trucks.

Under the new Chevy program, owners of 1982 through 1986 Cavaliers and 1981 through 1986 Chevettes may receive a $500 rebate on any of the division's domestic and most imported 1987 and 1988 cars and light trucks except Celebrity, which receives a $750 rebate.

The program, called "Somebody Special," runs from Oct. 23 to Dec. 31 for Cavalier owners and from Nov. 12 to Dec. 31 for Chevette owners.

The Sprint ER, Sprint Metro and Spectrum Express are not included in the Cavalier owners' rebate program. Owners must have purchased their Cavalier or Chevette new and must still own the vehicle at the time of purchase to be eligible for any of the rebates.

A 3-year/30,000-mile free scheduled maintenance offer is also being made to all owners of 1981-to-1986 Chevrolet cars and light-duty trucks, except owners of 1982-to-1986 Cavaliers, 1981-to-1986 Chevettes and 1979-to-1986 full-size and compact Chevrolet pickups.

The division also is offering $100 to any owner of a 1979-to-1986 Chevrolet, Ford or Dodge full-size pickup who test drives a C/K pickup truck and buys it or any of those rival makes between Nov. 1 and Dec. 31.

Chevrolet also will give a 3-year/30,000-mile free scheduled maintenance certificate to any of those truck owners who purchases a C/K pickup within the program period. The scheduled-maintenance bonus is also being offered to any owner of a 1979-to-1986 Chevrolet S-10, El Camino, Luv, Ford Ranger or Courier pickup truck upon the purchase of any Chevrolet S-10 pickup truck between Nov. 1 and Dec. 31.

If a consumer owns more than one eligible vehicle, he must choose one rebate for each purchase.

In the previous program, Chevrolet mailed coupons to 4.9 million owners of Cavaliers, Chevettes, Chevy and Ford full-sized and compact pickups and Dodge full-size pickups. There now are as many as 13.5 million owners who could collect rebates.

Dealers said consumers who received rebate coupons often discarded them. Owners of eligible vehicles who did not receive coupons often complained that they, too, should receive rebates. Chevrolet officials said the new requirements alleviate both problems.

The division, meanwhile, began a direct-mail rebate for owners of small businesses. The "Fleet Commander" program offers $400 to $1,000 on virtually all trucks — Blazers, vans, chassis-cabs and pickups.

Businesses with less than 10 company vehicles that don't qualify for fleet discounts will receive the mailing.

The rebates vary by model and transmission. The rebates on vehicles equipped with the four-speed automatic overdrive transmission tend to be highest. Chevrolet is offering these business people an additional $1,000 on trucks with the 6.2-liter diesel engine.

The program, which runs from Nov. 13 to Dec. 31, covers 1987 and 1988 models. Buyers must take delivery from dealer stock by Dec. 31.

The program can be combined with other special promotions. A business can use the rebates on more than one vehicle that it purchases.

Buick announced a trip award for dealers meeting individual sales objectives of 1988 and prior year Buicks between Nov. 3, 1987, and March 2, 1988.

Each participating Buick dealer will be assigned to one of 200 competitive groups; each group is made up of dealers with similar goals. Groups will vary in size.

The dealer who achieves the highest percent of his retail sales objective wins a 10-day trip to Monte Carlo, including tickets to the Grand Prix and the Cannes Film Festival.

The dealer with the second highest percentage wins a trip to Bermuda. Dealers meeting individual objectives win $200 worth of merchandise.

Dealers who want to participate will be charged $100 from their open account; the $100 will be donated to Special Olympics.

GM started a dealer trip program for GMC light- and medium-duty and Chevrolet medium-duty truck sales and service. Individual goals for the program, called "Discover the Legends," will be announced Nov. 18.

To receive points, dealers must deliver trucks between Nov. 1, 1987 and April 30, 1988. The service portion runs Dec. 1, 1987 to May 31, 1988.

Suzuki dealers in Japan to get Grand Am, Corsica

By David Versical and Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTERS

The declining value of the dollar is prompting General Motors to step up export plans for Japan and Europe.

GM said last week that it will begin selling Pontiac Grand Ams and Chevrolet Corsicas and Berettas through Suzuki dealerships in Japan early in 1988. GM also expects to double its sales of North American-built cars in Europe during the 1988 model year.

GM's actions come on the heels of Ford Motor Co.'s announcement last month that it will begin exporting the Ford Taurus to Japan. Ford expects to eventually send several thousand units annually.

U.S. automakers, which had been restricted in their export potential by the strong dollar, are renewing their push toward exports as a weaker dollar makes their products less expensive overseas. The companies also contend their new generation of smaller, more nimble vehicles will be more appealing to overseas buyers.

In Japan, the Grand Am and Corsica/Beretta will be sold under the GM label through Suzuki's Cultus sales network. Suzuki said that within three years, it expects to be selling 3,000 units annually through 200 dealerships. The goal for the first year is 500.

GM currently sells about 3,000 cars a year in Japan through its longtime independent distributor, Yanase & Co. That relationship will continue, and Yanase will work with Suzuki in setting up the network for the Grand Am and Corsica/Beretta.

George Peterson, president of AutoPacific Group, a consultant firm in Newport Beach, Calif., said GM's new offerings in Japan will help meet a demand for certain specialty cars. "Several products are being sold in Japan as left-hand drive, and the young Japanese yuppie is buying them as an image statement," Peterson said.

The arrangement echoes the deal GM and Suzuki have in the United States. GM, which bought a 5.3 percent equity stake in Suzuki in 1981, currently sells a Suzuki-built product as the Chevrolet Sprint.

In Europe, GM expects to sell more than 10,000 North American-built vehicles in the current model year, up from 5,400 in 1987. Major markets include West Germany, Belgium and Sweden. GM expects the Pontiac Bonneville, Buick Century and Corsica/Beretta to be strong sellers.

Meanwhile, Daimler-Benz AG of West Germany outlined new sales goals last week in light of the import growth in the Japanese market. Gerhard Liener, vice president, said the company could "very likely sell 40,000-50,000 units in the long run." The company expects to sell 18,000 units in 1987, up from 13,666 in 1986.

Liener did not say when it will reach 50,000 sales in Japan.

Aerostar to offer fwd, stretched models

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Ford Motor Co. plans to offer a four-wheel-drive version of the Aerostar minivan in the 1989 model year.

Ford is planning to introduce an extended version of the Aerostar at the same time. It will be about 18 inches longer than the current model.

A 4wd edition of that extended van likely will be available no sooner than the following year, sources close to Ford said.

The Aerostar's 4wd package will be similar to the "on-demand" system that has been offered on the Ford Tempo and Mercury Topaz since the 1987 model year, sources said. The differences will essentially reflect the real-wheel-drive configuration of the Aerostar. The feature is expected to cost about $800, but it is not clear whether it will be offered as an option or in a separate model.

The Aerostar will continue to be powered by a 3.0-liter V-6 in 1989. But sources said Ford is planning to make a larger engine available in the following year.

Sources said the changes are being made to keep the Aerostar fresh and to target the Chrysler minivan series. Ford's 4wd version is expected to win some customers in northern and mountain states, where buyers might otherwise lean to the front-wheel-drive Chryslers.

Aerostar was introduced in May 1985 as a 1986 model.

Aerostar is currently being built on two shifts in St. Louis.

The company is planning a four-door Bronco as part of a revision of that series in about three years, sources said.

INDEX

Auction dates	55
Classifieds	56
Coming events	48
Dealing with dealers	46-47
Extra section	E1
Inventories	8
News briefs	8
Obituaries	8
Opinion	10
Personnel	35
Production	71
Sales, import car	52
Service management	14-15
Truck industry	18

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Detroit Diesel, Penske forming joint venture

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors and Penske Corp. will announce this week a joint venture for the design, manufacture and worldwide sales of heavy-duty diesel engines.

Penske Corp. will own 60 percent of the new company, to be called Detroit Diesel Corp., and GM will own 40 percent, according to a high-ranking Detroit source involved in the negotiations.

Under the terms of a preliminary agreement, the joint-venture company will control the heavy-duty engine activities at the current Detroit Diesel Allison Division facility here.

The new company also will be responsible for worldwide sales and service activities for the medium-duty engines currently distributed by Detroit Diesel.

The agreement will become effective Jan. 1, 1988, subject to government approval, according to the source.

Detroit Diesel's current product lineup includes diesel engines and heavy-duty transmissions for trucks, buses, construction, lumbering, mining and petroleum equipment plus marine and industrial applications. It also manufactures locomotive parts and precision bearings.

The factory in Redford Township (Mich.) produces heavy-duty diesel engines for over-the-road, off-highway, industrial and marine applications. Those powerplants include series 53, 71, 92, 149 and the new series 60 engines.

The series 60 engine was introduced last March, targeted primarily at the heavy-duty truck market. Detroit Diesel spent $300 million developing the engine.

GM will retain responsibility for the 8.2-liter diesel engine built in Romulus, Mich.; the 6.2-liter diesel engine manufactured in Moraine, Ohio; and the Allison transmission operation in Indianapolis. Currently, Detroit Diesel Allison has 43 domestic and seven Canadian distributorships, as well as sales offices in Australia, Singapore and several European countries.

Its money-losing diesel engine operations here had been offered for sale through a prospectus handled by investment banker Salomon Brothers (Automotive News, Nov. 2).

The deal with the company controlled by former race-car driver Roger Penske emerged after evaluation of other proposals, including a management group buyout proposal.

A joint venture with Deere & Co., similar to the ultimate Penske deal, collapsed in March.

Penske Corp., headquartered in Red Bank, N.J., owns a number of vehicle-related businesses, including a Detroit Diesel distributorship known as Penske Power.

Penske's billion-dollar Retail Automotive Group retails more than 30,000 new vehicles a year and recently acquired the Potamkin organization's Manhattan Cadillac dealership.

That gives Penske two of the highest volume Cadillac franchises, one on each coast, as well as ownership of Longo Toyota, the biggest Toyota dealership, located in El Monte, Calif.

Clenet's unique 4x4 stirs Chrysler interest

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors has its eye on California designer Alain Clenet's newly developed four-wheel-drive sport utility vehicle.

Clenet, best known for the neo-classic car bearing his name, said a prototype of the so-called Asha is running, following 2½ years of development.

Late last week, Clenet's Asha Corp. and C&C (Cars & Concepts) of Brighton, Mich., signed a letter of intent by which C&C would produce the vehicle, should it prove commercially feasible.

Clenet said he has developed a concept with low manufacturing costs that enables the 4x4 to be sold in the $7,000 to $10,000 range.

"We have talked with Clenet and the conversations are still going on," a Chrysler spokesman said. "We talk to a lot of people about different projects. Nothing has been decided with regard to the Asha."

Chrysler confirmed the discussions with Clenet after information about the possible venture was distributed to some press representatives in an unauthorized press release.

Clenet's Asha Corp. in Santa Barbara, Calif., and Chrysler said they do not know the source of the unauthorized press release.

Asha Corp. on Nov. 9 asked the U.S. Securities and Exchange Commission to halt trading of its stock following the disclosure and a sharp rise in the share price.

Asha's stock is traded on the Denver and Spokane, Wash., stock exchanges.

Asha Corp. was formed to develop the 4x4 designed by Clenet and his partner and noted auto artist, Mark Stehrnberger.

In an earlier interview (Automotive News, Oct. 27, 1986), Clenet said the vehicle will weigh between 2,300 and 2,500 pounds and is about the size of a Jeep CJ.

"All 4wd vehicles in the world are following in the tradition started by Jeep, using a rigid axle and a short wheelbase," Clenet said at that time.

The Asha, he said, "has more in common with a motorcycle than a Jeep or a tank."

In 1986, Clenet said it was possible that the vehicle would be completed in time for a late 1988 introduction as a 1989 model.

Clenet said last year that the secret to the low-cost design is longitudinal mounting of the engine and a transaxle combination in the center of the vehicle. Clenet said that with the transaxle pointing fore and aft, the output shafts are connected to small differentials at the front and rear to power all four wheels.

The system is designed to be full-time 4wd. Independent MacPherson struts provide the suspension all the way around. Clenet said this use of a front-wheel-drive powerplant eliminates the need for a transfer case and, when coupled with a suspension similar to those on fwd cars, manufacturing costs will be greatly reduced.

According to his plan, the vehicle would be powered by a 2.5-liter four-cylinder engine in normally aspirated and turbocharged versions providing 130 to 180 horsepower.

GM announces new chairmen at Vauxhall, Holden subsidiaries

John Bagshaw, chairman and managing director of General Motors' Vauxhall Motors division in the United Kingdom, has moved to the top job at GM's Holden subsidiary in his native Australia. He replaces Charles Chapman, who is retiring.

Bagshaw

Bagshaw, 62, has been replaced by Paul Tosch, 47, who temporarily retains his current duties as head of GM's Bedford commercial vehicles unit in Britain.

Vauxhall's sales and market share have declined recently in the United Kingdom, where it ranks third behind Ford and Austin Rover. However, GM officials insist that has no bearing on Bagshaw's departure.

Indeed, the 29-year GM veteran was seen as a driving force in Vauxhall's sales revival during the 1980s. He served as the division's marketing director beginning in 1981 and later was director of passenger car operations.

Before taking the top job at Vauxhall in February 1986, Bagshaw was executive director of sales, service and parts for General Motors' European passenger-car operations, then based in Russelsheim, West Germany.

Tosch, an American, had been with Bedford since January 1986. Previously, he was chief engineer for the Buick-Oldsmobile-Cadillac Group's Flint Product Team.

OBITUARIES

William Harvey III

DETROIT — William Harvey III, general manager of Motors Holding Division of General Motors for 26 years, died Nov. 5. He was 62.

Mr. Harvey spent his entire 38-year GM career with Motors Holding, which provides financial and management assistance to enable persons to become GM dealers. He joined Motors Holding in 1948 and served in field and headquarters assignments before becoming general manager Nov. 1, 1959. He retired in February 1986.

William Meakim Packer Jr.

PONTIAC, Mich. — William Meakim Packer Jr., 62, president of three new-car dealerships in Michigan and Florida, died Nov. 6. He was president of the Hundred Club, a non-profit organization that provides for dependents of police officers and firefighters who lose their lives in the line of duty. Packer Corp., of which he was president, also includes National Auto Leasing Co., Pontiac. Packer Corp.'s dealerships handle Pontiac, Cadillac and Honda.

DOMESTIC DAYS' SUPPLIES

	Nov. 1, 1987	Oct. 1, 1987	Nov. 1, 1986
Alliance	135	108	74
Eagle	95	208	58
Total Eagle	124	119	69
Horizon	56	112	49
Sundance	76	58	65
Turismo	84	44	71
Reliant	82	60	55
Caravelle	78	68	40
Gran Fury	83	74	80
Total Plymouth	78	62	56
Laser	0	0	69
LeBaron K	102	80	33
LeBaron J	107	91	—
LeBaron GTS	227	127	47
Fifth Avenue	76	72	67
New Yorker C	91	—	—
New Yorker E	198	130	49
Total Chrysler	112	95	52
Omni	55	91	48
Shadow	77	60	64
Charger	79	43	55
Daytona	147	94	49
Aries	80	59	65
Lancer	298	147	54
Diplomat	121	91	53
Dynasty	62	—	—
Dodge 600	64	75	44
Total Dodge	94	73	55
CHRYSLER MTRS.	97	79	54
Escort	75	45	58
Mustang	61	53	48
Tempo	68	40	62
Taurus	99	47	59
Thunderbird	75	46	68
Crown Victoria	49	44	68
Total Ford Div.	75	46	60
Lynx	91	45	60
Topaz	75	55	67
Sable	81	55	54
Cougar	92	47	30
Capri	0	0	69
Grand Marquis	33	37	51
Total Mercury	70	47	54
Continental	77	44	46
Lincoln	52	46	35
Mark VII	47	43	64
Total Lincoln	52	46	42
Total L-M Division	64	47	49
FORD MOTOR CO.	72	46	56
Skyhawk	112	74	69
Somerset Regal	153	71	73
Century	90	44	34
Regal	73	98	57
LeSabre	110	63	82
Electra	97	61	57
Riviera	82	54	60
Total Buick	100	60	58
Cimarron	141	66	71
Allante	233	497	—
Seville	61	83	61
Cadillac	53	53	63
Eldorado	74	63	59
Total Cadillac	59	58	63
Chevette	106	62	76
Nova	147	50	87
Cavalier	84	62	97
Camaro	133	80	108
Celebrity	89	84	66
Corsica/Beretta	138	52	24
Monte Carlo	129	151	85
Chevrolet	80	42	81
Corvette	85	155	84
Total Chevrolet	105	65	82
Firenza	90	67	107
Calais	91	57	77
Cutlass Ciera	63	34	40
Cutlass Supreme	99	116	71
Olds 88	86	62	57
Olds 98	74	59	76
Toronado	78	54	66
Total Oldsmobile	79	54	59
Fiero	160	79	129
1000	67	69	141
Sunbird	92	51	106
Firebird	101	67	97
Grand Am	48	77	43
6000	87	75	48
Gr. Prix/Bonn. G	86	94	85
Bonneville H	110	74	—
Paris./Safari	96	63	82
Total Pontiac	79	72	70
GENERAL MTRS.	90	62	66
HONDA	10	11	11
NISSAN	40	29	46
TOYOTA	46	33	—
VOLKSWAGEN	89	57	93
DOM. TOTAL	80	57	60
Subcompact	54	44	—
Compact	67	54	—
Intermediate	95	82	—
Standard	72	55	—
Specialty	121	116	—

INVENTORY

FROM PAGE 1

import-car sales as a whole continued at a record-setting pace for October.

The domestic-inventory unit count for October was the highest since Aug. 1, and the domestic days' supply was the highest since March 1. This year's domestic inventory is the heftiest for Nov. 1 since 1979. It is a complete reversal from a month earlier; on Oct. 1, stocks of new domestic cars were the slimmest in 12 months — 1,396,454 units for a 57-day supply.

Ford Motor Co.'s stock of U.S.-built cars on Nov. 1 was 13.92 percent larger than a month ago. Ford began November with a 72-day supply vs. a 46-day stock last month. A year ago, Ford carried a 56-day supply.

General Motors' stocks were equal to a 90-day supply on Nov. 1, up from a 62-day supply last month. GM began November last year with a 68-day supply of cars.

At the beginning of November this year, the days' supply of Cadillac Allantes fell to 233 from 497 on Oct. 1.

Chevrolet Corsica/Beretta, however, climbed to a 138-day supply vs. 52 on Oct. 1.

Chrysler Motors' stocks continued to rise. The company started November with a bulging 97-day supply vs. a 79-day supply a month ago. Last year, Chrysler had a 54-day supply on Nov. 1.

Honda began the month with a 10-day supply of U.S.-built cars compared with 11 days' worth a month earlier. It also had a 10-day supply of imports, compared to 14 a month earlier.

Toyota's stock of U.S.-built cars increased to 46 days vs. 33 days last month. But those cars make up only a fraction of its total inventory; Toyota's import-car stockpile stood at 27 days on Nov. 1, up from 24 the previous month.

Nissan's inventory of domestically produced cars rose to a 40-day supply vs. 29 days last month. Its imports stood at a 108-day supply, vs. 83 a month earlier.

Volkswagen's supply of U.S.-built cars grew to 89 days from 57 days on Oct. 1. It also had 69 days' worth of imported cars, up from 55 a month earlier.

Inventory numbers for domestics include finished cars at factories, those enroute to dealers and those on dealer lots. For imports, the cars are counted once they reach U.S. ports.

The domestic Nov. 1 inventory was split: GM, 54.88 percent; Ford, 24.57 percent; Chrysler, 17.81 percent; Volkswagen, 0.88 percent; Nissan, 0.77 percent; Honda, 0.64 percent; Toyota, 0.45 percent; and Mazda, which started production at Flat Rock, Mich., a month ago, a negligible share.

On Oct. 1, the domestic-car shares were: GM, 54.94 percent; Ford, 24.08 percent; Chrysler, 17.98 percent; Nissan, 1.02 percent; Honda, 0.77 percent; Volkswagen, 0.74 percent; and Toyota, 0.47 percent.

The domestic shares by size class on Nov. 1 were: subcompact, 11.21 percent; compact, 23.31 percent; intermediate, 44.25 percent; standard, 19.88 percent; and specialty, 1.35 percent.

The 56-day supply of imported cars compares with a 48-day supply on Oct. 1 and a 42-day supply on Nov. 1 last year.

Chevrolet's supply of imported cars was up significantly in October as sales fell. Unsold Chevrolet captives were up to a 163-day supply on Nov. 1, compared to a 90-day supply on Oct. 1.

Audi's supply of cars jumped from 47 days on Oct. 1 to 119 days. Most of that supply had yet to find its way to dealer lots, however, as the all-new 80/90 series was launched on Nov. 1.

Jeep-Eagle's inventory of imported Renault Medallion models fell slightly from a 279-day supply on Oct. 1 to a 272-day inventory on the first of this month. The Eagle inventory is far and away the largest in the business.

Acura, BMW, Honda, Hyundai, Toyota, Jaguar and Range Rover stayed just ahead of demand, according to the Nov. 1 figures.

Import-truck inventories edged up last month. Truck importers had a 66-day supply at the beginning of November. Import-truck stocks held a 53-day supply on Oct. 1. The year-ago figure for Nov. 1 shows a 69-day supply.

Toyota and Isuzu both suspended shipments of sport-utility trucks last month because of uncertainty surrounding a U.S. Customs Service ruling. Mitsubishi continued to ship sport-utility vehicles to the United States but expected to store the vehicles in a foreign trade zone until the customs issue is cleared up.

Despite the suspended shipments, Isuzu's inventory of trucks hit a 101-day supply, up from a 91-day supply recorded Oct. 1. Chrysler's import trucks had an inventory good for 100 days of sales.

The Nissan truck figure includes those built in the United States.

IMPORT DAYS' SUPPLIES

	Nov. 1, 1987	Oct. 1, 1987	Nov. 1, 1986
Chevrolet	163	90	95
Chrysler/Mitsubishi	129	82	112
Acura	22	19	31
Honda	10	14	13
Isuzu	112	68	79
Mazda	46	44	48
Mitsubishi	85	67	104
Nissan	108	83	54
Subaru	53	59	40
Toyota	27	24	22
JAPAN	56	49	42
Audi	119	47	77
BMW	30	61	51
Mercedes-Benz	46	48	16
Merkur	93	49	108
Porsche	99	58	37
VW	69	55	89
GERMANY	59	54	56
Alfa Romeo	54	103	42
Festiva	87	51	—
Hyundai	26	20	22
Jaguar	20	18	18
Peugeot	81	85	61
Pontiac	78	31	—
Eagle/Renault	272	279	374
Saab	52	46	35
Sterling	75	73	—
Volvo	72	43	35
Yugo	58	53	41
Other Countries	53	40	32
Total Import Cars	56	48	42
Isuzu	101	91	119
Mazda	62	49	42
Mitsubishi	64	63	118
Nissan*	83	74	130
Range Rover	24	20	0
Suzuki	45	32	19
Toyota	41	35	46
Chrysler	100	39	81
Total Imp. Trucks	66	53	69
Total Imp. Vehicles	56	49	48

*Includes domestic trucks.

Corrections

The Insurance Institute for Highway Safety gave incorrect discounts for Prudential P&C in the chart in the Nov. 9 issue listing leading auto insurance companies with discount policies for using passive restraints. The correct discounts are 30 percent for the driver air bag, 30 percent for the full front air bags and 20 percent for automatic belts.

The Subaru Jo-Car pictured on Page 1 of the Nov. 2 issue was incorrectly identified as a Suzuki.

Acustar boss has a different approach to quality control

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

NOVI, Mich. — Quality is more closely related to the skill of the employees on an assembly line than to the quality control department.

Quality control professionals sometimes lose sight of the quality of a finished product when they focus too intensely on the methods of improving quality, according to Leroy H. Runk, president of Acustar Inc., Chrysler Corp.'s component manufacturing subsidiary.

Runk made his comments at a recent seminar of the Automotive Division of the American Society of Quality Control here.

"The easy approach is to say that 'world-class quality' is the price of admission and is the result of total dedication to quality, process control, simultaneous engineering, etc., etc. It is one thing to know the buzzwords and another to implement them," Runk said.

"The profession of quality control is reaching its zenith. There is a prescribed approach to quality, and both the practitioners and practitionees know the words to say. In some cases, system acceptability is confused with quality acceptability."

Runk: "Quality is inversely proportional to the strength of the quality control department."

During his years with Chrysler, Runk was a quality engineer and on several occasions found that plant quality improved when the quality control team was given less say in the operation of the plant.

"Early in my career, I was a quality engineer working in a plant with the highest quality," he said. "Any time there was a problem in the plant, the quality control department was called in. Then it was determined that the plant would be closed in about a year. They peeled the quality control team from that plant and put the talent in the new plant.

"What happened? Quality in the old plant improved 40 percent in the next five months. For the first time, the people who were responsible for the product truly felt responsible for the product," he added.

Based on his experience, Runk formulated this maxim: "Quality is inversely proportional to the strength of the quality control department."

In the same way that line employees must be responsible for their products, so must the company, Runk said.

Last May, Chrysler formed Acustar as a wholly owned subsidiary. The company functions as an autonomous company and must compete with other component suppliers for Chrysler and other industry business.

"The idea is that the company is responsible for its own future," Runk said.

It has been suggested within Acustar that it must hire quality control employees in order to compete since Acustar does not have a quality control department at its headquarters. Runk doesn't agree.

"My view is that if we are serious, we stop lines when we are making junk, sort 5,000 parts to find three bad parts, rebuild machines when they need it and refuse to accept materials that don't meet our standards," Runk said.

"We aspire to be a world-class automotive supplier and the pre-requisite is quality," he added.

"Our concern is that the working stiffs see experts too closely controlling them. We can take the Mother Theresa or the Tammy Bakker approach. We choose the Mother Theresa approach. Mother Theresa facilitates progress by digging into the trenches and multiplying her influence."

At Chrysler's component operations, Runk said, quality improved 18 percent in the 1985 model year, 22 percent in 1986 and 25 percent in 1987, comparing year-to-year warranty reports.

To explain those figures, if the company built 100,000 parts in 1985 and 1,000 were defective, then in 1986, only 780 would be defective, based on a 22 percent improvement.

Acustar's goal is to improve quality by another 25 percent in the 1988 model year.

"A 20 to 25 percent chunk is always a goal," Runk said. "We'll never get to a point where there isn't improvement that can be made."

RUST

Dealers divided on extra treatments

DETROIT — Automotive News recently made an informal survey of auto dealers to see if manufacturers' claims of improved sheet-metal corrosion resistance jibe with field experience.

Most respondents said corrosion resistance has improved. However, they were divided on the need for additional rustproofing.

A Northeast Chevrolet dealer said, "The cars of today do not have the rust problems that had been prevalent in the past. We rustproof only if a customer insists."

A Northeast Saab dealer said, "Saab automobiles appear to be more resistant to corrosion. Additional rustproofing is not necessary."

A Northwest Ford service manager said some trucks are showing rust problems and recommended that new-car customers purchase rustproofing treatment.

AUTOMOTIVE NEWS JOE WILSSENS

Dealers: New-car sheet metal has improved since this car was built in the 1970s

A Mountain States Chevrolet dealer said, "Underseal is a good investment. We feel that paint and sheet metal have improved with the 1988 product."

A Buick dealer in that area also said rustproofing is a good investment.

And a Northwest Lincoln-Mercury dealer said manufacturers' rustproofing is sufficient.

Ford and Chrysler offer their dealers rustproofing treatment to sell to customers.

General Motors does not sell a rustproofing treatment to its dealers, and its car and light-truck warranty advises customers that additional rustproofing treatment is not necessary.

Shop volume up for 4th month in a row

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The Automotive News Service Index showed its fourth consecutive year-to-year monthly increase in September.

Service and parts business at new-car dealerships during September rose 5.0 percent over the September 1986 figure.

In August, the Service Index increased 0.8 percent over the year-ago month; in July it climbed 6.1 percent; and in June it was up 5.9 percent.

Shop business during the first nine months of 1987 was up 2.9 percent over the same period in 1986.

Dealers attributed the rise in service business in September to increases in cost per repair and to higher shop volume as a result of strong new-car sales.

A Southern Volkswagen dealer said business "increased in dollars while the number of repair orders declined. We have a higher labor rate."

A Chevrolet dealer from the Rocky Mountain area also said his sales and gross profit increased while the number of repair orders went down.

A Northeast Chevrolet dealer said, "Last year's favorable interest rates and high sales have provided increased service business."

SERVICE INDEX
105.0*

	Sept. '87 vs Sept. '86	9 mos. '87 vs 9 mos. '86
Gross Profit on All Labor and P&A Sales	+5.3%	+5.8%
Repair Orders Written	−1.5%	−2.2%
Total Labor Sales (Customer & Warranty)	+6.7%	+2.3%
Shop Parts Sales (Customer & Warranty)	+10.7%	+3.7%
Sales of All P&A	+3.7%	+5.0%

* Survey by Automotive News shows that dealers' service and parts business in September 1987 was 105.0 percent of business in September 1986. Service business in the first 9 months of 1987 was 102.9 percent of business in the corresponding period in 1986.

Shop parts sales (customer paid and warranty) led all indicators during September with an increase of 10.7 percent over September 1986.

Total labor sales (customer paid and warranty) climbed 6.7 percent; gross profit on all labor, parts and accessories sales rose 5.3 percent; and sales of all parts and accessories were up 3.7 percent over the year-earlier month.

Repair orders written fell 1.5 percent in September.

Parts and accessories sales to off-premises customers also declined in September, down 0.9 percent.

Sales of all parts and accessories were up 5.0 percent; shop parts sales increased 3.7 percent; and total labor sales were up 2.3 percent.

Parts and accessories sales to off-premises customers were up 6.0 percent for the first nine months of this year compared to the same period last year.

Chrysler alters prices on service contracts

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Motors has cut prices on some service contracts to better supplement the powertrain warranties offered by Jeep-Eagle and competing manufacturers. The dealer price of Chrysler's most popular service contract, however, has been increased.

Chrysler has also added Jeep-Eagle dealers as authorized dealers for its service contracts. Chrysler service contracts are available for most makes of new and used cars.

Chrysler has cut dealer and suggested retail prices on a number of its service contracts, according to James S. Freers, manager of Chrysler service contracts.

The dealer price for Chrysler's 5-year/50,000-mile Custom Plan covering powertrain and major components was cut 8 percent. The additional charge for four-wheel-drive models covered by the plan was reduced 14 percent.

The Custom Plan is favored by customers of makes other than Chrysler. Prices were reduced because competing car companies have in many cases increased their powertrain-warranty coverage, Freers said.

The price-cuts also take into account the addition of Jeep-Eagle dealerships as Chrysler service contract dealers, a spokesman noted.

Chrysler declined to disclose the dealer prices. However, as an example of the suggested retail price reductions, a Custom Plan for a Renault Medallion had been $595 for a 6-year/60,000-mile contract. That plan now has a suggested retail price of $565 for a 7-year/70,000-mile contract.

Although the majority of Chrysler service contracts are sold for Chrysler-built cars, other dealers can order a service contract for their customers through a Chrysler-Plymouth, Dodge or Jeep-Eagle dealer. Chrysler authorizes repairs at competing dealerships and independent garages.

The dealer price of the Exclusive Coverage service contract for 1988 New Yorker and New Yorker Landau models has been reduced 32 percent, compared with prices for 1987 New Yorker models. The 1987 prices still apply to 1987 New Yorkers because the standard warranty coverage doesn't match that of the new model.

The suggested retail price of Exclusive Coverage for a 1988 New Yorker or New Yorker Landau is $445 compared with $695 for a 1987 New Yorker, a 36 percent price cut.

The company has increased the dealer price by 15 percent on its 7-year/70,000-mile Added Coverage Plan. That plan is Chrysler's biggest seller, according to Freers, and covers such components as steering, brakes, air conditioning and front-suspension systems. In effect, the plan "wraps around" Chrysler's 7-year/70,000-mile powertrain warranty.

The suggested retail prices for the Added Coverage Plan did not change.

Chrysler also introduced a low-priced 3-year/30,000-mile Added Coverage Plan aimed at customers who trade their cars frequently. The suggested retail price of that plan is $195.

Chrysler also will continue to offer a basic powertrain service contract. "A few dealers said they would like to continue with powertrain coverage so we've extended it. Eventually, we think it will go away," Freers said.

In addition to making service contract price changes, Chrysler discontinued the sale of the service contracts previously offered by American Motors on AMC, Jeep and Renault products. Existing contracts will be honored by Chrysler, a spokesman said.

Jeep-Eagle dealers are now eligible to become authorized dealers for Chrysler service contracts.

Although the length of warranties has been increased, Freers noted that the service-contract business through October 1987 was up over the same period last year. Through October, service-contract penetration was up 10 percent for new-car customers and 13 percent for used-car customers, he said.

Senate bill would double gas guzzler fine

By Bill Sternberg
CRAIN NEWS SERVICE

WASHINGTON — Eight senators are pushing legislation that would double the gas-guzzler tax on certain imported cars. The money would be used to expand a tax break for employer-provided mass transit fringe benefits.

Sen. Alfonse D'Amato, R-N.Y., plans to offer an amendment on the Senate floor to quadruple the limit on tax-free transit benefits from the current $15 a month.

To recoup the estimated $400 million this would cost the government over the next five years, the amendment would double the special excise tax levied on new cars that do not meet federal gas mileage standards.

"It's a terrific issue," said an aide to D'Amato. "What better group is there to tax? Who's going to fight for Lamborghini owners?"

Manufacturers, importers and dealers of the cars subject to the gas-guzzler tax are not as enthusiastic about the proposal.

"Our feeling is it would not be a good idea," says Kathleen Varley, vice president for public affairs at the American International Automobile Dealers Association. "It will depress sales dramatically."

Automobiles that are currently subject to the gas-guzzler tax include certain models from Aston Martin, BMW, Mercedes-Benz, Ferrari, Jaguar, Porsche, Volvo and Lamborghini.

The tax ranges from 0.7 percent to 3.5 percent of the sales price, or about $1,500 in the case of a BMW 750, Mercedes 560 SEL or Jaguar XJ-S.

Domestic cars have never triggered the tax. Four-wheel drive and off-road vehicles are exempt.

"I think it's excessive taxation," said Adam Stern, manager of a Lamborghini dealership in Manhattan. Buyers of low mileage cars already have to spend more for gas at the pumps and should not be penalized again at the time of purchase, he said.

Prospects for D'Amato's amendment are uncertain. Eight senators — including both from New York, California and Connecticut — are circulating a letter urging their colleagues to support the measure.

While few senators are likely to stand up in support of Lamborghini owners, many might think of other uses for the estimated $400 million the proposal could raise.

The amendment would be attached to a so-called budget reconciliation bill, the fate of which is tied up with high-level negotiations to reduce the federal deficit.

Certain lawmakers have long fought to put employer-provided transit benefits on an equal footing with parking benefits, which are fully non-taxable.

Under the current law, the tax-free reimbursement a business can provide to workers who use mass transit is capped at $15. Moreover, if an employer pays more than $15, the entire benefit becomes taxable.

The version of the reconciliation bill that has already passed the House contains a provision added by Rep. Charles Rangel, D-Manhattan, removing the $15 "cliff."

Under this provision, the first $15 subsidy would remain tax-free, even if an employer pays more.

D'Amato's amendment would go even further by making the first $60 a month tax-free as a way to encourage more businesses to offer larger transit fringe benefits to their workers.

Differences between the House and Senate bills will have to be resolved in a conference committee. If the Senate rejects D'Amato's amendment, mass transit advocates will have less flexibility in the conference committee.

There is some speculation, therefore, that D'Amato may offer, discuss and then withdraw his amendment if it looks like it is going to be a loser.

CARS SUBJECT TO GAS GUZZLER TAX IN 1988

	MPG	Current Tax
Aston Martin		
V-8 coupe	11.0	$3,850
Lagonda	11.0	3,850
BMW		
528	21.7	500
535	20.1	850
735	19.0	1,050
750	16.4	1,500
Mercedes-Benz		
300-TE	21.3	650
300-SEL	20.8	650
420-SEL	18.9	1,050
560-SEL	17.1	1,500
560-SEC	17.1	1,500
560-SL	17.6	1,300
Ferrari		
328 GTS/GTB	17.3	1,300
3.2 Mondial/ Cabriolet	17.3	1,500
Testarossa	13.5	2,700
Jaguar		
XJ-S	16.7	1,500
XJ-SC	16.7	1,500
Porsche		
911 Turbo	21.7	500
928 S4	20.8	650
Volvo		
740	21.2	650
760	21.2	650
780	21.2	650
Lamborghini		
Countach	8.8	3,850

Source: EPA

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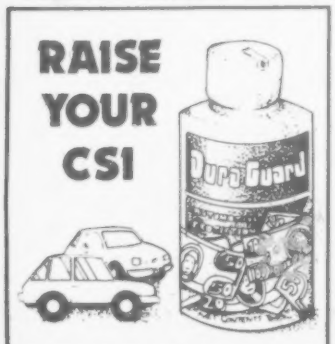

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IMPORT SALES BY MODEL

	Oct. 1987	Oct. 1986	10 Mos. 1987	10 Mos., 1986
ACURA	10,024	7,146	90,291	36,437
Integra	4,133	3,275	46,664	19,472
Legend	5,891	3,871	43,627	16,965
ALFA ROMEO	492	865	5,516	6,755
GTV-6	6	40	66	541
Milano	316	525	2,368	2,172
Spider	170	300	3,082	4,042
AUDI	1,944	5,800	37,183	52,411
4000S	127	835	8,889	10,778
4000CS Quattro	109	411	2,792	3,352
5000S	656	3,343	16,230	27,715
5000CS Turbo	170	721	3,294	5,546
5000CS Turbo Quattro	586	252	4,108	2,545
80	58	0	58	0
90	63	0	63	0
Coupe GT	175	238	1,749	2,475
BMW	7,403	8,275	74,804	79,252
318i	1	9	16	894
524 TD	0	58	28	1,716
325	4,551	5,510	49,538	50,215
528e	806	1,444	8,062	11,551
535i/535iS	526	312	5,723	6,946
6-Series	140	271	1,737	2,319
7-Series	1,113	671	8,105	5,611
M3	175	0	745	0
M5	47	0	320	0
M6	44	0	530	0
CHEVROLET	10,327	11,278	113,964	140,212
Spectrum	4,966	8,127	65,209	85,698
Sprint	5,361	3,151	48,755	54,514
CHRYSLER/MITSUBISHI	8,424	10,209	106,033	113,590
Colt	5,831	6,467	69,138	79,836
Conquest	767	775	10,375	5,210
Vista	1,826	2,967	26,520	28,544
EAGLE/RENAULT	1,260	226	10,753	3,666
18i	0	226	0	2,274
Fuego	0	0	0	1,392
Medallion	1,260	0	10,753	0
FORD Festiva	3,400	0	19,814	0
HONDA	33,453	34,311	244,381	327,646
Civic/CRX	13,857	15,046	105,293	176,366
Accord	10,271	12,365	83,177	87,869
Prelude	9,325	6,900	55,911	63,411
HYUNDAI	20,714	17,578	226,191	130,545
ISUZU	2,472	4,324	33,075	28,988
I-Mark	1,767	3,294	27,017	18,496
Impulse	705	1,030	6,058	10,492
JAGUAR	1,970	2,490	18,310	19,878
XJ6	1,507	2,024	13,747	16,079
XJS	463	466	4,563	3,799
MASERATI	75	97	769	1,127
MAZDA	20,368	17,472	169,137	176,283
323	7,602	6,191	62,700	58,577
626	5,264	6,408	64,546	72,355
MX-6	2,866	0	6,087	0
929	1,744	0	2,454	0
RX-7	2,892	4,873	33,350	45,351
MERCEDES BENZ	7,609	10,235	75,408	77,232
190	1,286	1,741	15,194	16,987
260E	672	120	5,081	120
300	1,961	2,921	19,735	21,235
300SDL Turbo	396	1,148	5,732	5,101
300SEL	23	0	23	0
420SEL	1,633	1,464	12,682	12,630
560SEL	495	1,191	4,993	7,900
560SL	930	1,224	9,682	9,515
560SEC	144	173	1,421	1,794
Tourist	69	253	865	1,949
MERKUR	1,015	1,048	12,820	12,967
XR4Ti	595	1,048	8,167	12,967
Scorpio	420	0	4,653	0
MITSUBISHI	5,193	3,686	58,086	39,694
Starion	309	484	4,583	4,635
Cordia	496	358	3,572	4,155
Tredia	304	559	4,566	7,925
Mirage	924	1,379	12,490	11,444
Galant	940	906	9,296	11,535
Precis	1,767	0	17,814	0
Van/Wagon	453	0	5,765	0
NISSAN	33,094	38,578	348,483	422,766
Sentra	10,438	12,326	94,800	142,597
Pulsar	4,290	2,597	55,388	38,742
Stanza	5,411	6,026	57,284	56,652
Maxima	8,253	9,105	80,803	96,189
200SX	1,818	4,334	27,467	39,419
300ZX	2,032	3,901	29,406	45,364
Hawaii	852	289	3,335	3,803
PEUGEOT	615	1,546	7,507	11,614
PONTIAC LeMans	3,042	0	29,990	0
PORSCHE	1,480	2,114	20,794	24,756
924S	201	413	2,752	2,406
944	355	547	5,628	6,374
944S	62	92	1,789	92
944 Turbo	237	282	2,272	5,699
911 Coupe	277	306	3,533	3,512
911 Turbo	110	77	1,310	1,135
911 Cabriolet	107	158	1,889	1,703
928S	131	239	1,621	2,135
SAAB	3,902	3,949	39,037	40,717
900	927	1,069	8,564	12,281
900S	1,181	1,304	12,701	12,679
900 Turbo	829	735	7,691	7,122
9000S	326	0	3,138	0
9000 Turbo	609	763	6,240	7,913
Tourist	30	78	703	722
STERLING	1,433	0	12,215	0
SUBARU	17,728	14,884	147,097	152,167
Hatchback	941	941	6,732	14,156
3-Door	1,470	1,286	12,146	9,847
4-Door Sedan	3,426	3,805	34,690	43,293
XT	1,142	1,969	15,763	20,739
Station Wagon	9,215	6,883	68,177	64,132
Justy	1,534	0	9,589	0
TOYOTA	55,361	53,477	459,967	502,168
Corolla	13,502	12,410	86,829	121,038
Tercel	9,894	7,231	80,520	59,047
Celica	6,064	8,189	66,978	87,840
Supra	2,470	3,555	25,372	26,688
Camry	18,111	13,553	146,652	118,985
Cressida	1,748	3,430	18,781	34,191
Land Cruiser	506	384	3,593	3,393
Van	770	1,919	11,380	17,019
4Runner SR 5	299	466	1,547	4,707
MR2	1,137	1,822	13,763	24,178
Hawaii	860	518	4,552	5,082
VOLKSWAGEN	10,765	9,969	109,750	122,766
Cabriolet	780	985	12,514	12,152
Jetta	3,036	6,087	44,400	81,127
Vanagon	1,053	1,044	9,374	10,574
Quantum	800	1,063	6,184	9,604
Scirocco	652	790	6,392	9,309
Fox	4,444	0	30,886	0
VOLVO	6,438	8,915	96,036	103,254
240 Series	2,616	3,895	45,010	49,779
740 Series	2,496	3,979	37,119	42,333
760 Series	1,236	891	12,173	9,206
780	64	0	394	0
Tourist	24	150	1,340	1,934
YUGO	3,606	4,129	42,768	27,637
IMPORT TOTAL	273,607	272,601	2,610,179	2,654,528

Compiled by Kami Dellacroce

AUCTION DATES

Chrysler Motors

Nov. 17 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Hatfield Auto Auction, Hatfield, Pa.

Nov. 18 — A.D.E. of Birmingham, Birmingham, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

Ford Motor Co.

Nov. 18 — Concord Auto Auction, Acton, Mass.; Lakeland Auto Auction, Lakeland, Fla.; and Southern California Auto Auction, Fontana, Calif.

Nov. 19 — Baltimore-Washington Auto Exchange, Baltimore; Greater Chicago Auto Auction, Chicago; Denver Auto Auction, Aurora, Colo.; Aptco Auto Auction, Taylor, Mich.; and Skyline Auto Exchange, Fairfield, N.J.

General Motors

Nov. 17 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

Nov. 18 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; Omaha Auto Auction, Omaha, Neb.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

November to date	$5,975
Month ago	$6,010
Year ago	$5,172

Model Breakdown
Auction Averages

	NOV 1987	OCT 1987	SEP 1987
1987	$10,762	$11,220	$11,357
1986	$8,533	$8,624	$8,808
1985	$7,228	$7,257	$7,321
1984	$5,666	$5,711	$5,764
1983	$4,864	$4,897	$4,940
1982	$3,529	$3,549	$3,607
1981	$2,547	$2,549	$2,583
1980	$2,009	$2,022	$2,044
Overall Average	$5,975	$6,061	$6,043

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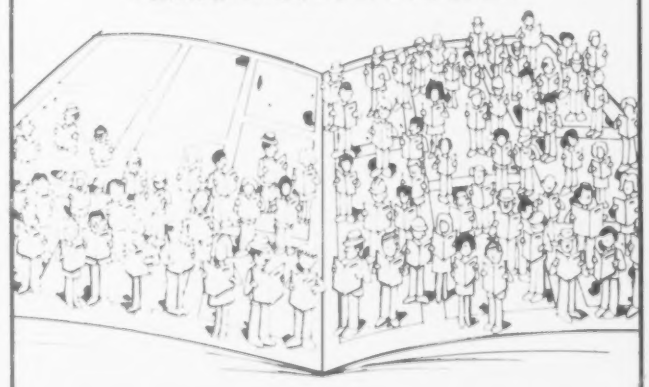

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PRODUCTION

U.S. CAR	Week Ended Nov. 14, 1987	Week Ended Nov. 15, 1986	Week Ended Nov. 7, 1987	Nov. to Date	Jan. 1 to Nov. 14, 1987	Jan. 1 to Nov. 15, 1986
AMERICAN MOTORS	0	1,500	0	0	15,994	45,342
Renault Total	0	1,500	0	0	15,994	45,342
Alliance	0	1,500	0	0	15,994	41,995
Encore	0	0	0	0	0	3,347
CHRYSLER MOTORS	18,450	27,293	22,686	41,136	955,205	1,163,517
Plymouth Total	6,200	10,095	6,548	12,748	280,148	370,678
Horizon	750	3,881	779	1,529	39,670	152,153
Sundance	1,700	2,022	1,477	3,177	79,714	25,229
Reliant	3,200	2,919	3,662	6,862	115,538	135,966
Caravelle	450	905	532	982	39,067	39,712
Gran Fury	100	368	98	198	6,159	17,618
Chrysler Total	4,000	6,069	6,618	10,618	320,622	342,335
Laser	0	0	0	0	0	26,978
LeBaron K	1,000	1,316	997	1,997	58,454	76,142
LeBaron J	0	0	2,685	2,685	102,201	0
LeBaron GTS	450	1,127	411	861	34,473	57,061
N. Yorker E-Class	0	1,478	0	0	57,102	64,703
N. Yorker C-Class	1,650	0	1,731	3,381	10,885	0
Fifth Avenue	900	2,148	794	1,694	57,507	117,451
Dodge Total	8,250	11,129	9,520	17,770	354,435	450,504
Daytona	0	0	1,767	1,767	55,781	30,343
Omni	650	3,773	692	1,342	34,323	145,139
Shadow	2,000	2,159	1,738	3,738	83,462	24,179
Aries	4,000	3,011	3,756	7,756	108,171	112,935
Dodge 600	650	967	729	1,379	35,961	58,414
Dynasty	400	0	388	788	2,390	0
Lancer	250	813	213	463	21,410	43,317
Diplomat	300	406	237	537	12,917	36,177
FORD MOTOR	41,283	38,444	41,489	82,772	1,607,709	1,536,866
Ford Division	29,986	28,311	30,306	60,292	1,153,993	1,063,065
Escort	9,519	8,076	9,433	18,952	342,213	334,656
Mustang	4,606	4,023	4,378	8,984	188,614	156,789
Tempo	4,033	4,247	4,154	8,187	122,818	172,996
Taurus	8,827	8,724	9,000	17,827	361,243	281,433
Thunderbird	3,001	3,241	3,341	6,342	139,105	117,191
L-M Division	11,297	10,133	11,183	22,480	453,716	473,801
Mercury Total	7,132	6,063	7,582	14,714	293,337	314,829
Lynx	0	1,229	0	0	21,352	53,458
Capri	0	0	0	0	0	12,344
Topaz	1,397	1,222	1,680	3,077	40,189	51,294
Cougar	2,976	968	3,334	6,310	123,711	87,983
Sable	2,759	2,644	2,568	5,327	107,850	109,750
Lincoln Total	4,165	4,070	3,601	7,766	160,379	158,972
Continental	415	407	262	677	10,560	17,225
Lincoln	3,124	3,052	2,709	5,833	124,721	119,233
Mark VII	626	611	630	1,256	25,098	22,514
GENERAL MOTORS	53,436	92,606	80,024	163,460	3,075,492	3,877,549
Buick Total	13,273	21,121	12,891	26,164	500,187	690,041
Skyhawk	1,085	1,833	1,059	2,144	30,726	75,006
Century	3,378	5,797	3,170	6,548	140,687	200,849
Regal (rwd)	700	1,899	640	1,340	37,999	54,085
Somerset/Skylark	1,510	2,658	1,548	3,058	58,345	98,208
LeSabre (fwd)	2,400	5,261	2,333	4,733	128,820	142,139
LeSabre (rwd)	365	328	297	662	8,439	13,520
Electra (fwd)	3,445	2,573	3,452	6,897	83,402	82,867
Riviera	390	772	392	782	11,769	23,367
Cadillac Total	6,791	7,550	6,987	13,778	236,141	282,586
Cimarron	70	700	81	151	9,996	21,184
Allante	50	0	50	100	4,020	0
Brougham (rwd)	1,980	1,295	2,096	4,076	66,129	69,311
DeVille (fwd)	3,370	4,106	3,446	6,816	123,739	149,438
Eldorado	636	858	663	1,299	18,371	22,544
Seville	685	591	651	1,336	17,886	20,109
Chevrolet Total	35,335	30,286	33,202	68,537	1,210,662	1,162,122
Chevette	0	2,786	0	0	0	82,232
Camaro	2,640	3,265	2,504	5,144	107,866	157,073
Cavalier	9,419	8,830	7,598	17,017	275,929	353,756
Celebrity	6,298	5,633	6,644	13,042	264,849	227,766
Corsica/Beretta	8,750	1,354	8,568	17,318	302,638	6,850
Monte Carlo	1,866	2,418	1,816	3,682	65,564	100,362
Caprice	5,622	5,348	5,426	11,048	168,903	198,034
Corvette	640	652	646	1,286	24,913	25,449
Oldsmobile Total	14,184	16,504	12,826	27,010	543,020	840,410
Firenza	475	785	515	990	12,685	34,936
Calais	3,290	2,524	3,064	6,354	103,921	105,290
Cutlass Ciera	2,165	4,363	1,154	3,319	107,276	211,588
Cutlass Supreme	1,454	1,832	1,492	2,946	67,540	100,515
88 (fwd)	3,797	3,026	3,746	7,543	158,703	251,968
88 (rwd)	450	481	434	884	12,662	17,185
Olds 98	2,124	2,838	1,982	4,106	82,472	102,148
Toronado	429	557	439	868	13,963	16,780
Pontiac Total	13,853	17,145	14,118	27,971	583,482	702,390
Acadian*	0	147	0	0	0	14,229
Fiero	1,215	1,792	1,095	2,310	28,909	61,615
1000	0	558	0	0	0	17,693
Firebird	1,560	2,202	1,461	3,021	69,544	95,464
2000 Sunbird	2,594	2,541	2,155	4,749	77,444	119,453
Grand Am	5,280	3,357	6,008	11,288	220,543	233,915
6000	1,129	2,719	1,248	2,377	64,611	118,414
Bonneville	1,925	3,430	1,991	3,916	113,917	23,257
Safari/Parisienne	150	399	160	310	8,424	48,350
HONDA	6,950	7,268	6,734	13,684	285,647	201,055
Civic	1,500	1,645	1,496	2,996	78,642	12,786
Accord	5,450	5,623	5,238	10,688	207,005	188,279
MAZDA	326	0	257	583	1,883	0
NISSAN	1,310	3,418	1,188	2,498	106,470	48,037
NUMMI	3,500	4,179	3,660	7,160	170,174	173,407
Corolla	1,000	1,129	1,083	2,083	38,053	4,968
Nova	2,500	3,050	2,577	5,077	132,121	168,439
VOLKSWAGEN	2,000	1,950	2,006	4,006	56,319	74,526
Golf/GTI**	1,300	1,950	1,306	2,606	42,476	74,526
Jetta**	700	0	700	1,400	13,843	0
Total Cars, U.S.	157,255	176,658	158,044	315,299	6,274,893	6,920,309
Total Cars, Canada	23,102	22,554	21,052	44,154	682,070	928,458
U.S., Canada Cars	180,357	199,212	179,096	359,453	6,956,963	7,848,767
U.S., Canada Trks.	98,350	83,221	92,939	191,289	4,078,996	3,833,347
U.S., Canada Cars and Trks.	278,707	282,433	272,035	550,742	11,035,959	11,682,114

*—All Acadians are built for sale in Canada. **—Estimated.
Monthly estimates may contain error of one or two units due to rounding.

Production cuts due early in '88

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Because of slow sales, Chrysler Motors will cut back production at the beginning of 1988, and Volkswagen of America may close its U.S. plant for up to four weeks early next year.

General Motors plans to idle its Detroit-Hamtramck plant for three weeks in January to retool for the 1989 Buick Riviera.

UAW officials at two Chrysler assembly plants said last week that the company expects to reduce production schedules in January due to lagging sales of some models.

William Douglas, president of UAW Local 1183 at the Chrysler Newark, Del., assembly plant, said the plant will shut down for the holidays Dec. 23 and resume output on one shift instead of two on Jan. 18. The change will affect 1,700 hourly workers.

Newark assembles the Plymouth Reliant and Dodge Aries, Chrysler LeBaron sedan and Chrysler Town & Country station wagon.

Aaron Taylor, president of UAW Local 7 at the Chrysler Jefferson Avenue assembly plant in Detroit, said the union has been notified that the line speeds at the plant may be reduced in January from 67 jobs per hour to 55 jobs per hour, affecting 300 to 500 employes.

The Jefferson Avenue plant builds the Reliant and Aries, the Dodge 600 and the Plymouth Caravelle.

Volkswagen is considering shutting down its Westmoreland, Pa., plant for up to four weeks early next year due to slow sales of Golf, GTI and Jetta models.

The first shutdown would likely take effect in early January, extending the normal holiday closing by as much as two weeks, a plant spokesman said. VW also may close the plant for an additional two weeks in March.

A decision is expected next month.

GM will extend the Christmas holiday for 2,500 workers at its Detroit-Hamtramck plant to re-tool for the 1989 Buick Riviera.

The plant, which assembles the Riviera, Oldsmobile Toronado and the Cadillac Eldorado, Allante and Seville, is slated to resume output Jan. 25. However, production of the Riviera is not scheduled to begin until the fall of 1988.

Last week's targeted domestic auto production of 157,255 dipped slightly (0.50 percent) from the previous week's 158,044 and was 10.98 percent below the year-ago week's 176,658.

So far this year, 6,274,893 cars have been assembled, 9.33 percent below the 6,920,309 completed last year at this point.

Companies shared last week's scheduled output as follows: GM, 53.06 percent; Ford Motor Co., 26.25 percent; Chrysler, 11.73 percent; Honda of America Manufacturing Inc., 4.42 percent; New United Motor Manufacturing Inc., 2.23 percent; VWoA, 1.27 percent; Nissan Motor Manufacturing Co. U.S.A., 0.83 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.21 percent.

Overtime was slated last Saturday at GM's Lordstown, Ohio, plant.

All Ford plants except Edison, N.J., are scheduled for daily overtime this week.

Chrysler's St. Louis (No. 2) plant was slated for overtime last Saturday. The plant is scheduled for daily overtime this week.

Canadian car output climbs for week

Canadian auto production of 23,102 cars last week was 9.74 percent more than the previous week's 21,052 and 2.43 percent more than the year-ago week's 22,554.

So far this year, 682,070 cars have been assembled, 26.54 percent below the 928,458 completed last year at this point.

Truck production was targeted at 18,155 units last week, 9.93 percent more than the prior week's 16,515 and 72.71 percent more than the year-ago week's 10,512.

Year-to-date, 715,147 trucks have been built, 2.62 percent more than the 696,884 assembled last year at this time.

As reported earlier, Chrysler Motors' Bramalea, Ontario, plant is idle because of quality problems. Chrysler has not announced when the plant will reopen.

Truck build rises to 80,195

Domestic truck production totaled 80,195 units last week, 4.93 percent more than the prior week's 76,424 and 10.30 percent above the year-ago week's 72,709.

Year-to-date, 3,363,849 trucks have been assembled, 7.25 percent more than the 3,136,463 built last year at this time.

Overtime was slated last Saturday at GM's Moraine, Ohio, plant.

Ford scheduled overtime last Saturday at its Lorain, Ohio, plant. All Ford truck plants are scheduled for daily overtime this week.

CANADIAN CAR	Week Ended Nov. 14, 1987	Week Ended Nov. 15, 1986	Week Ended Nov. 7, 1987	Nov. to Date	Jan. 1 to Nov. 14, 1987	Jan. 1 to Nov. 15, 1986
CHRYSLER	100	145	583	683	6,781	3,827
FORD MOTOR	11,110	8,909	8,849	19,959	374,512	462,141
GENERAL MOTORS	11,392	13,320	11,220	22,612	279,730	453,745
HONDA	500	0	400	900	13,058	0
VOLVO	0	160	0	0	7,989	6,745
Total Cars, Canada	23,102	22,554	21,052	44,154	682,070	928,458

U.S. TRUCK☆	Week Ended Nov. 14, 1987	Week Ended Nov. 15, 1986	Week Ended Nov. 7, 1987	Nov. to Date	Jan. 1 to Nov. 14, 1987	Jan. 1 to Nov. 15, 1986
CHEVROLET	20,516	22,547	16,607	37,123	992,455	1,046,480
DODGE/PLYMOUTH	8,400	4,986	8,498	16,896	269,697	121,836
FORD	31,561	26,705	31,124	62,685	1,302,048	1,215,295
GMC	7,233	8,122	7,875	15,108	335,865	320,685
NAVISTAR	1,845	1,614	1,767	3,612	65,685	63,712
JEEP	4,400	4,285	4,544	8,944	196,703	167,172
NISSAN	3,490	2,100	3,261	6,751	82,876	97,767
AM GENERAL*	450	50	450	900	14,850	2,224
MISCELLANEOUS*	2,300	2,300	2,300	4,600	103,660	101,292
Total Trucks, U.S.	80,195	72,709	76,424	156,619	3,363,849	3,136,463

CANADIAN TRUCK	Week Ended Nov. 14, 1987	Week Ended Nov. 15, 1986	Week Ended Nov. 7, 1987	Nov. to Date	Jan. 1 to Nov. 14, 1987	Jan. 1 to Nov. 15, 1986
JEEP	900	640	644	1,544	31,227	24,910
CHRYSLER	6,632	7,611	6,448	13,080	339,648	350,414
FORD	3,648	1,212	3,489	7,137	131,533	130,691
GENERAL MOTORS	6,750	856	5,707	12,457	204,168	182,593
NAVISTAR	225	193	227	452	8,571	8,276
Total Trks., Canada	18,155	10,512	16,515	34,670	715,147	696,884
U.S., Canada Trks.	98,350	83,221	92,939	191,289	4,078,996	3,833,347

—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

Saatchi picked for Lexus ads

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Toyota Motor Sales has appointed a new advertising agency formed by Saatchi & Saatchi DFS to handle its Lexus Division luxury car line.

The new agency, called Saatchi & Saatchi Group One, has been created specifically for the Lexus Division. It will operate separately from Toyota's agency, Saatchi & Saatchi DFS.

Robert McCurry, Toyota Motor Sales senior vice president, said "with Group One we get the best of both worlds — an immediate and knowledgeable start-up, a separate agency staffed solely for Lexus and the $2.2 billion media buying clout of Saatchi & Saatchi DFS." McCurry made it clear that while other agencies made inquiries about Lexus, the company did not have meetings with other agencies.

Stuart Upson, chairman of Saatchi & Saatchi DFS, said the company will "build a super agency" in California. Upson said that to his knowledge this is the first time an agency has been created to sell a specific product.

Toyota announced formation of the Lexus Division in August. The line of luxury cars will be introduced in 1989 and will be sold through a separate franchise. Initial plans call for approximately 100 dealers.

Two models will be introduced, the car first falling into the $30,000-price range and the second in the mid-$20,000 range. The company anticipates selling 30,000 units during the first year.

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1st dealer files to go public

Wichita firm offers $2 million in stock

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

The era of car-dealer public ownership has arrived, not with a front-door megadealer bang in Detroit, but with a quiet back-door entrance in Kansas.

Steven Motors Inc., a Wichita company owned by father-and-son car dealers Edward M. Steven, 69, and Michael E. Steven, 45, filed an S-18 registration statement with the Securities and Exchange Commission for a $2 million stock offering.

Proceeds will be used to acquire assets from another of their companies. Those assets include Rolls-Royce, Yugo, Bertone and Maserati franchises.

The Stevens also intend to acquire other franchises for the publicly held company, the preliminary prospectus said.

Although the face value of the offering is not large by any standard, the impending public ownership of a new-car franchise is the first.

"The significance goes well beyond the dollar value of the offering," said William Prior, Yugo America president.

Although the preliminary prospectus warned that factory approval is required, neither Rolls-Royce nor Yugo last week said they had objections, despite a harder line set by some of the domestic companies.

"It's not a problem for us," Prior said. "It's easy to be courageous

see PUBLIC, page 49

PHOTOS BY WILLIAM COUPON AND JOE WILSSENS

Perot, left, lashes out at GM's "power-hungry" management, particularly Johnson, right

PEROT:

EDS founder blasts GM's Johnson, ponders forming new high-tech firm

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Less than a year after he was ousted from General Motors, H. Ross Perot said he may start a new high-tech company if his former colleagues at Electronic Data Systems abandon the auto company.

Perot made the announcement last week while lashing out at GM's "power-hungry" management, in particular GM Executive Vice President Elmer Johnson, the man many say is likely to be GM's next chairman.

Perot had been reticent to talk about GM for the past year. The terms of GM's $750 million buyout of his GM stock last December mandated his silence and took away his seat on the GM board and the chairmanship of EDS, the company he founded. The deal came after Perot's repeated public criticism of GM.

Perot told Automotive News in a telephone interview from Dallas last week that he decided to break his silence after what he called a year of "personal attacks" on him, primarily by Johnson.

Handpicked by GM Chairman Roger B. Smith, Johnson joined GM four years ago as legal counsel. He quickly climbed to vice president and in May was named executive vice president in charge of some of GM's most important staffs. Since his most recent promotion, Johnson's name has been frequently mentioned as a candidate for chairman, succeeding Smith who is slated to retire in 1990.

Johnson also orchestrated the controversial buyout of Perot.

"Elmer has been aiming personal attacks at me for a year, and I've had enough," Perot said.

The last straw, Perot said, was a speech Johnson gave at a Michigan college in which he called the battle between Perot and GM a case of an entrepreneur selling his company and discovering he could no longer call the shots. Johnson further said that the wisdom of the buyout was confirmed by the increased value of GM's stock after the buyout, even though GM

see PEROT, page 49

Big 3 cut output plans for early '88

By Michelle Krebs, Kathy Barbaglia and Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — General Motors and Chrysler Motors are trimming their 1988 first-quarter production schedules by extending some Christmas vacations and lowering line speeds at selected plants.

Between the two companies, 10 U.S. assembly plants and more than 15,000 workers will go on temporary or permanent layoff.

The adjustments in the schedules were expected because of slow sales and high inventories at both companies.

In addition to reductions already announced, more adjustments likely are to be made to the first-quarter production schedule, and more cuts are possible during the remainder of this quarter.

Present schedules show the Big 3 automakers planning to build 1,630,575 cars in the first quarter of 1988, down 13 percent from the 1,874,510 cars produced in the first quarter this year.

GM announced last week it is reducing the line speed by five units per hour at its Corvette plant in Bowling Green, Ky., when workers return from the Christmas break Jan. 4. About 225 of the plant's 1,300 employees will be affected by the scheduling change.

GM's Pontiac Fiero plant in Pontiac, Mich., will have Christmas vacation extended by two weeks. When it resumes production on Jan. 18, the line speed will be reduced by five units per hour, causing about 80 of the 1,200 employees to go on indefinite layoff.

The line speed at GM's Lansing, Mich., plant, which assembles the Buick Skylark and Oldsmobile Cutlass Calais, will be cut by 12 units per hour beginning Jan. 25. About 850 of the plant's 4,350 workers will be placed on indefinite layoff.

GM previously had said it plans to idle its Detroit-Hamtramck plant for three weeks in January to retool for the 1989 Buick Riviera, which will be stretched 9.5 inches. The plant,

see PLANS, page 53

Volvo battles falling dollar

U.S. supply, production possible, but 480 suffers

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

STOCKHOLM, Sweden — Volvo may cancel plans to introduce its Dutch-built 480-ES coupe in the United States due to the sharp drop in the dollar against the Dutch guilder.

But the dollar's fall also means that Volvo is seeking to buy more components from American suppliers.

It might even consider passenger-car production in the United States if conditions warrant, AB Volvo Chairman Pehr Gyllenhammar said in an interview.

Gyllenhammar said there is currently no date set for the oft-delayed U.S. launch of the front-wheel-drive 480. The decision is being held in abeyance because of the currency fluctuations, he said.

Cancellation of the 480 program would be a severe blow to Volvo Car BV, the Dutch government-controlled automaker that has counted on breaking into the U.S. market through its Swedish partner's substantial retail network. The Dutch company is 30 percent owned by Volvo in Sweden.

Gyllenhammar said increased parts sourcing in the United States is a logical consequence of shifting currency rates and an improved ability of U.S. suppliers to meet Volvo's specifications.

"We think it would be natural and are looking at ways of sourcing more and more in the United States," said Gyllenham-

see VOLVO, page 52

Gyllenhammar: No date for 480's U.S. launch

VW to shut U.S. plant by end of 1988 run

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Volkswagen of America's decision to close its Westmoreland, Pa., assembly plant after 10 years of production marks the end of the first modern attempt by a foreign manufacturer to build cars in the United States.

VWoA will phase out operations by the end of the 1988 model year.

The fate of the plant had been a matter of speculation for years once the demand for the VW Rabbit disappeared in the early 1980s. Production volumes have since slipped to the point where VW now uses about a third of the plant's capacity.

On the other hand, the decision seems to fly in the face of the thinking that is prompting Asian makers to build in the United States to take advantage of the weaker dollar.

The corresponding increased strength of the

see VW, page 53

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Chevrolet, Chrysler cut some '88 prices Page 3
Innovation: key to the '90s Page 6
Raises, benefits changed at Ford Page 50

Incentives take aim at '87 leftovers

By Laura Clark
and Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTERS

Saddled with bloated inventories of 1987 models, Chrysler Motors broke the silence on large-scale, consumer incentive programs last week by offering cash rebates and low-rate financing on some of its Chrysler and Dodge cars and trucks.

Ford Motor Co., Nissan Motor Corp., American Isuzu Motors and Mitsubishi Motor Sales of America announced dealer incentives on 1987 and 1988 cars and trucks.

In addition, Peugeot Motors of America expanded its $4,000 rebate to owners of diesel cars who purchase Peugeots. The offer now includes owners of any make of diesel auto, not just Peugeots.

Chrysler is offering both a $770 rebate and low financing rates — either 7.7 percent for 48 months or 9.9 percent for 60 months — on seven 1987 vehicles. They are Dodge Daytona, Lancer and four-wheel-drive and two-wheel-drive versions of the full-sized Ram pickup; and Chrysler LeBaron coupe, convertible and LeBaron GTS.

The program began Nov. 18 and has no expiration date. Customers may purchase or lease but must take delivery of the vehicle during the program. No dealer financial participation is required.

"We want to make our 1987 models as attractive to consumers as we have made our 1988 models by our pricing action (announced last week)," said E.T. Pappert, group vice president of sales.

Chrysler's previous incentives remain in effect. They include: $500 rebate on Dodge mid-sized and full-sized trucks except the Dodge Ram; $1,000 rebate or low-rate financing on Plymouth Reliant and Dodge Aries until Dec. 31; 15 million rebate coupons mailed to selected Chrysler Motors owners and competitive-make owners on selected 1987 and 1988 vehicles; and dealer and salespersons' incentives on 1988 and earlier Renault cars and 1988 Jeeps.

Ford and Lincoln-Mercury dealers are receiving cash on 1987 and 1988 Taurus/Sable, Escort/Lynx and Tracer models sold or leased between Oct. 15 and Dec. 2.

Each dealer has been given a quota, based on planning volume.

Dealers who meet 0 to 30 percent of their objective receive $300 per

see INCENTIVES, page 52

AUTOMOTIVE NEWS/JOE WILSSENS

Stempel: "I can't ever remember a time in our business when the customer has been in the driver's seat like he is right now."

1988 market volatile

'Expect about anything,' Stempel says

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — General Motors President Robert C. Stempel predicted near-record sales of 4.8 million trucks in the 1988 model year, but he still found a great deal of murkiness in the overall sales outlook.

Stempel, in a keynote address to an SAE Truck & Bus gathering, predicted that light trucks would account for 95 percent of the 4.8 million sales and that medium- and heavy-duty truck sales would be "robust" if the economy improves.

But Stempel subsequently told reporters that there was "enough volatility" in the automotive market to "expect about anything."

GM itself is adding overtime to some production schedules and looking at cutbacks elsewhere in its organization.

"It's a very mixed bag," Stempel said. "It depends on the car or truck model, and it depends on your inventory. It's really vacillating. It really goes to all the volatility in the marketplace. Some segments have a great deal of uncertainty. Others (we're) almost blase about. And that is what's so difficult to sort out."

He also noted that:

- GM is "absolutely" examining more parts of its operation for potential joint ventures and divestitures.

"We're interested in our profits, in having a successful, strong business now and into the future," he said. "To do that, we cannot run units that are red, units that are losing money. Our objective is not to sell them, (but) to get them competitive. Those that aren't, we'll joint venture, divest or close."

- Getting back the 40 percent share of the car market GM had in the 1986 model year will be a "tough reach" this year. GM's share dropped to 37 percent in the 1987 model year.

"I can't ever remember a time in our business when the customer has been in the driver's seat like he is right now," Stempel said. "The choice in a given price range is phenomenal. That says every tenth of a point in market share in cars is going to be very, very tough."

- The initial reception of the Buick Regal had been good. GM had built a little over 20,000 Regals as of last Monday. It had a good supply of orders on hand, and dealers have reacted favorably to the price, content and quality of the car.

However, Stempel noted that the stock market crash had been "eradicating" launch advertising on the Regal: "I wish we'd pick a good time (coinciding with an upbeat market) to launch a car."

- GM has about 31 percent of the truck market, and its goal is to get roughly a third of that market this year. GM, while focusing on profitability, will fight tooth-and-nail for sales.

"Our prime business is not electronic data. It's not space, not missiles. It's cars and trucks. And to stay in cars and trucks, you absolutely have to be profitable," Stempel said.

"This is a highly competitive business. And each one of our cars and trucks are sold one at a time. And you don't see anybody blinking in this business. There aren't any sissies around here."

Chevrolet, Chrysler cut some '88 prices

By Mary Connelly and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Chevrolet has discounted option packages on its hot-selling Corsica and Beretta models, in essence slashing prices of those cars $500 to $1,200. Less significant reductions have been made on Celebrity models.

Meanwhile, Chrysler Motors last week announced firm prices on its 1988 models, saying prices for its domestic cars average one percent below those of comparably equipped 1987 models.

The company cut the prices on four 1988 models, which Chrysler said represented 42 percent of its domestic sales volume in the 1987 model year.

Firm prices for Eagle cars have not been announced.

Chevrolet announced its Corsica/Beretta pricing strategy to dealers Friday. Called the "Option Pricing Discount Program," it knocks off different amounts from the retail price depending on what option package is on the car.

The price on a Corsica equipped with a base option package has been cut by $500. Models equipped with second- and third-level option packages get a $1,000 price reduction. Package No. 4 gets a $1,200 reduction.

The reductions on the Beretta option packages range from $500 to $1,100.

In most cases, the recent price cuts offset the tentative price increase instituted at the start of the model year, putting Corsica and Beretta prices almost back to where they were when the cars were introduced in January.

Chevrolet has increased the discount on the most commonly ordered option packages on 1988 Celebrity models from $400 to $700.

The discounts apply to cars in dealer stocks Nov. 19 and on cars ordered. The program expires March 31. There is no dealer-participation cost involved. Chevrolet is in the process of sending new pricing stickers to dealers.

As of midday Friday, no other General Motors division had announced similar pricing moves. GM, however, has issued only tentative prices for the 1988 model year.

Chrysler's prices were finalized last week. Chrysler dealers, too, had been working with preliminary prices since the model year began in early October.

The company said that on a sales-weighted basis, the base prices of its 1988 cars are an average of 1.7 percent, or $195, higher than 1987 models without adjusting for equipment changes.

Chrysler reduced prices of the base Chrysler LeBaron coupe, all three versions of the Dodge Daytona and all versions of the Plymouth Reliant and Dodge Aries sedan and wagon.

The price of the base LeBaron coupe was cut 2.6 percent, from $11,295 for the 1987 model to $10,995 for 1988. The premium version rose 13 percent — from $12,288 to $13,995 — reflecting additions in standard equipment.

"It's a good old-fashioned price cut," said Omar Matt, Chrysler manager of pricing and competitive analysis, about the LeBaron coupe reduction. "We're getting aggressive with that car and going after market share. We think reducing the price is the way to attract customers to it."

The LeBaron convertible will be offered in two versions in 1988. The single model offered in 1987 was priced at $13,974. The base 1988 model is $13,495, and the premium version has more standard equipment and is priced at $17,495.

The three Daytona models will be priced lower in 1988 than in 1987. However, in preliminary pricing, Chrysler had planned to raise the price of the sporty hatchbacks.

The price of the base Daytona dropped 8 percent from $9,799 in 1987 to $8,995 in 1988. The Daytona Shelby Z is priced at $12,601, down 1 percent from $12,749 in 1987. The Daytona Pacifica also dipped 1 percent, from $13,912 in 1987 to $13,750 in 1988.

The company raised the sticker on its price-leaders. Dodge Omni America and Plymouth Horizon America increased 3.3 percent from $5,799 to $5,995.

Chrysler also raised the price of Plymouth Sundance and Dodge Shadow.

The Shadow two-door climbed 6 percent from $7,499 to $7,995. The Shadow four-door went up 7 percent from $7,699 to $8,245.

The Sundance two-door is priced at $7,995 for 1988, up 5 percent from $7,599 in 1987. The Sundance four-door carries a base price of $8,245, up 5 percent from $7,799.

As announced earlier, Chrysler will market its Aries and Reliant

see PRICES, page 49

INDEX

Auction dates	39
Automotive world news	31
Classifieds	40
Coming events	24
Engineering	18, 20
Legal briefs	35
News briefs	8
Obituaries	49
Opinion	10
Personnel	29
Production	54
Sales, truck	14
Truck industry	14, 16

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GM requests rollback of '85 CAFE standard

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors has asked NHTSA for a retroactive rollback of the 1985 corporate average fuel economy standard — the only time the standard reached the 27.5 mpg statutory limit.

GM would like the 1985 standard rolled back to 26 mpg in order to use carry-forward credits.

James D. Johnston, GM vice president, industry-government relations, has told NHTSA administrator Diane Steed that GM is convinced rulemaking to amend the 1985-model-year CAFE is "warranted."

Last August, Mercedes-Benz of North America asked NHTSA to roll back CAFE standards for the 1984 and 1985 model years. NHTSA has not yet responded to that petition. The GM petition asks for relief for only the 1985 model year.

Ford is not expected to petition NHTSA for a rollback, although it is understood Ford will not oppose the move taken by GM and Mercedes-Benz.

The GM situation is ironical. When the company was facing enormous penalties, it did not try to get a retroactive rollback. It was not considered even a legal possibility until Mercedes surprised the industry by its request.

Mercedes' plea for relief was based on market factors — that its planned sales of diesel cars did not materialize because customers preferred gasoline-powered models.

Undoubtedly, GM's position is similar. With soft GM sales, high inventories throughout the industry and an unstable stock market, GM may feel the need for a back-up in case it is stuck with fuel-efficient cars at a time when it is selling only cars with big engines. If that were to occur, GM's plan for carryback credits could come unglued.

NHTSA recently approved a carryback plan presented by GM to wipe out its liability for not meeting the 1985 CAFE. Nevertheless, GM would like that year's standard rolled back to earn even more credits.

The GM plan approved by NHTSA Oct. 13 involved using expected credits on GM domestic fleets from model years 1986, 1987 and 1988.

NHTSA also approved a similar plan for Ford on May 4. The carryback plan was to use expected credits from the 1986 model year for the company's domestic fleet and to apply expected 1988 credits to 1985-1987-model-year import fleets. While the Tracer is a fairly fuel efficient car, Ford's other imports for its Lincoln-Mercury Division, the Merkur Scorpio and XR4Ti, are not considered efficient.

The situation that existed in late 1985 has changed enormously. That was before NHTSA rolled back the CAFE standard for 1986 models. It later changed the CAFE standards for 1987 and 1988 models from 27.5 to 26 mpg.

see CAFE, page 52